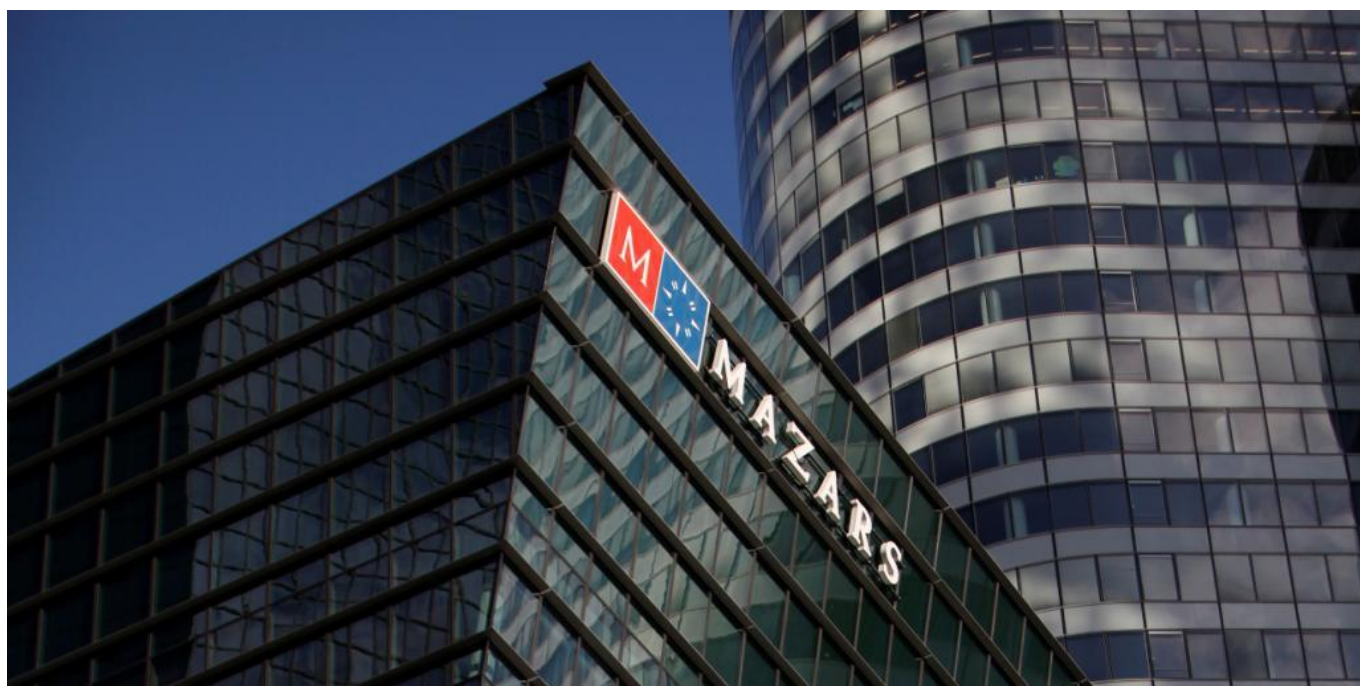


# Transition to the MPERS

MAY 2016



## Highlight

Section 35 of MPERS set out the requirements on transition to MPERS, regardless of the financial reporting framework applied by a preparer previously.

## Get a copy of MPERS

You may obtain a copy of MPERS<sup>1</sup> from MASB<sup>2</sup> website (<http://masb.org.my>).

## Complete set of MPERS financial statements

A complete set of MPERS financial statements comprises:

- Statement of financial position (*we used to call it balance sheet*);
- Statement of comprehensive income, which covers income, expenses and items of other comprehensive income (alternatively, present income statement and statement of comprehensive income separately);
- Statement of changes in equity;

- Statement of cash flows;
- Notes to the financial statements (include summary of significant accounting policies and other explanatory information); and
- Comparative information.

Other comprehensive income (OCI) is a new concept for preparers who were applying PERS<sup>3</sup> previously. In general, OCI refers to income or expenses not recognised in profit or loss as required or permitted by MPERS. Example: difference in translation of foreign operations, revaluation surplus of property, plant and equipment, etc.

## First-time adoption

First-time adoption means preparation of MPERS financial statements for the first time by making an explicit and unreserved statement of compliance with MPERS. It applies regardless of the financial reporting framework adopted by a preparer previously. An entity can be a first-time adopter of MPERS only once.

A first-time adopter of MPERS shall apply MPERS from the “date of transition”.

“Date of transition” refers to the beginning of the earliest period for which an entity presents full comparative information in its first MPERS financial statements.

#### Example 1:

The financial year end of ABC Sdn Bhd is 31 December. Thus, it is required to prepare its first MPERS financial statements for the year ending 31 December 2016. It will also present financial statements for the year ended 31 December 2015 as comparative information. In this case, its “date of transition” is 1 January 2015.

#### Example 2:

The financial year end of XYZ Sdn Bhd is 30 June. Thus, it is required to prepare its first MPERS financial statements for the year ending 30 June 2017. It will also present financial statements for the year ending 30 June 2016 as comparative information. In this case, its “date of transition” is 1 July 2015.

## Accounting policies

A first-time adopter shall apply MPERS from its “date of transition”. In *Example 1* above, ABC Sdn Bhd should apply MPERS from 1 January 2015 in the preparation of its first MPERS financial statements.

Before the preparation of first MPERS financial statements, a preparer should revisit the entity’s existing accounting policies. In order to ensure all accounting policies comply with the requirements of MPERS, an entity may need to: (i) amend existing accounting policies; (ii) add on new accounting policies; or (iii) remove accounting policies which are not complied with MPERS.

On the “date of transition”, an entity shall only recognise assets and liabilities in accordance with MPERS. An entity should not carry forward any assets or liabilities that are not permitted by MPERS, even though such assets or liabilities were recognised under its previous financial reporting framework.

## Next ...

In next newsletter of MPERS series, we will discuss about recognition of assets or liabilities on “date of transition”.

#### References

- 1 Malaysian Private Entities Reporting Standard
- 2 Malaysian Accounting Standards Board
- 3 Private Entity Reporting Standards

## MAZARS Can Help

The multi-disciplinary professional team (accounting, tax and IT) of Mazars is ready to assist you in the migration from your existing financial reporting framework to MPERS. Mazars can assist you in the following areas:

- Delivery of training on MPERS
- Advice on identification and implication of differences between the current financial reporting framework and MPERS
- Advice on tax implication arising from the adoption of MPERS
- Advice on implementation of MPERS
- Review of accounting policies developed by the management
- Advice on preparation or review of MPERS financial statements

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